



**Kaiserslautern Legal Services Center  
Legal Assistance Information**

**Banks & Bills**



*This information paper provides basic information only, and is not intended to serve as a substitute for a personal consultation with a Legal Assistance Attorney. For an appointment to see an attorney, dial DSN 483-8848 or Civilian 0631-411-8848.*

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## I. HOW TO PAY GERMAN BILLS

### A. Cash Payments & German Credit Cards

a. Cash payments work the same as in the USA. Some businesses will even accept U.S. Dollar (\$) bills. Yet, the change will be in Euro (€). If you do not pay in Euros, watch out for the exchange rate. Their exchange rate €/ \$ might be bad. Most of the time you are much better off exchanging the money at your bank before you go shopping on the economy.

b. On the face, German credit cards do not differ from American credit cards. Therefore, you may very well use your American credit card at any place that accepts credit cards. Note, German credit cards just look like credit cards but actually work like bankcards/ debit cards. Germans find their bank account debited a couple of days after the actual purchase. There is no interest paid unless you overdraw your bank account. If you use your American credit card, the billing process will be handled just the way you are accustomed to it in the USA.

c. Since businesses have to pay a fee to credit card companies to be able to use their credit card services, they generally prefer cash or (German) bankcards (a.k.a. EC or Electronic Cash Card), as the later require a much lower fee. Consequently, credit cards are not accepted everywhere.

### B. Bank to Bank Money Transfer

a. In Germany people generally do not send personal checks or money orders. Instead they transfer the money from their account directly into the creditor's account, called "Überweisungsauftrag" (one-time payment order). In order to do that, you need the following information: Payments will be made to the following account ("Die Zahlungen werden auf folgendes Konto geleistet"):

1. beneficiary ("Empfänger"):	Creditor's Name
2. beneficiary's account No. ("Empfänger-Kto")	0000000000
3. beneficiary's bank routing code ("BLZ"):	123 456 78
4. beneficiary's bank ("Bank"):	Creditor's Bank
5. amount to be transferred ("Betrag"):	Amount in Euro (€)
6. purpose for payment ("Verwendungszweck"):	Reference #
7. remitter ("Kto-Inhaber")	Sender's Name
8. Remitter's account No. ("Kto-Nr. des Kto-Inh.")	0000000000

b. German banks use an eight-digit bank routing code whereas American banks use nine-digit bank routing codes. Please pay attention to that important fact because it prevents bank-to-

bank transfers unless your bank has a German branch office with an eight-digit bank code. The fees for a bank-to-bank money transfer vary from bank to bank.

c. For bank-to-bank transactions within Germany, the bank routing code for Community Bank Military Banking reads: 501 109 00. The Headquarters are located in Mainz-Kastel. The address reads as follows:

Street Address:

Bank of America N.A.  
Military Bank Overseas Division  
Ludwig Wolker Str. 10  
(Kastel Storage Station, Bldg. 4013)  
55252 Mainz-Kastel  
Phone: (06134) 187-0  
Fax: (06134) 187-342

Mailing Address:

Bank of America N.A.  
Military Bank Overseas Division  
Postfach 140154  
65208 WIESBADEN

d. The German bank routing code for Service Credit Union (SCU) reads: BLZ: 540 300  
11.

e. Absent an agreement to the contrary, European banks are supposed to complete a bank-to-bank Euro-money transfer into the creditor's account within 3 banking days and non-Euro money transfers within the European Union within 5 banking days (§ 675s BGB, Bürgerliches Gesetzbuch, German Civil Code). As of January 1, 2012, Euro-money transfers are to be completed at the end of the banking day, following the initiation of the transfer.

f. If you receive a German check watch out for the abbreviation "NZV" ("Nur zur Verrechnung") which requires the check to be cleared in-house first. Such a check cannot be cashed right away but will have to be deposited into an account. Unless indicated otherwise, all other checks can be cashed by the person who has the check in his/her possession.

## **1. Recurring and Standard Transfer Order Authorization**

a. The payments can be made individually each and every time as needed by a Standard Payment Order Authorization (SPO) ("Überweisungsauftrag") or a Recurring Payment Order (RPO) ("Dauerauftrag") may be used instead, where a payment for the same amount reoccurs every month, such as rent. All banks on post have the appropriate application forms.

b. Often a standard transfer order authorization is cheaper and more convenient than having to go to the bank every month, in order to do a bank-to-bank transfer. Ask your bank for the applicable fees.

## **2. Direct Debiting**

a. Contrary to a Standard Transfer Order Authorization, a direct debiting ("Einzugsermächtigung") allows the creditor to access your account and to withdraw the amounts

due. Nevertheless, you will remain obligated to keep always sufficient funds in the account. If direct debiting fails, bank penalty fees and creditor fees are imposed.

b. When using direct debiting your monthly bill states the approximate date your account will be debited. Usually the transfer takes place 2 weeks (10 workdays) from the date of the bill. Yet, the amounts may never be taken out at the same time. It may vary up to a week, depending on your bank's processing time. Based on a written request, you may recall the transaction within a period not too exceed 8 weeks in case of a SEPA (Single Euro Payments Area) debiting (§ 675x para. 4 BGB) or w/in a period of 6 weeks in case of any other debiting based on your bank's general terms and conditions, *e.g.*, No. 2.4 Special Conditions for Direct Debiting ("Sonderbedingungen für den Lastschriftverkehr").

c. It is highly recommended you keep your bank statements. That way you can prove when the payments were taken out as well as that there were always sufficient funds in the account. Consequently, any transaction problems might be traced back to an internal technical problem of the bank rather than insufficient funds on your side. The account holder will have to prove that there were sufficient funds in the account and the rejection was not based on insufficient funds.

### **C. Keep receipts save for at least 3 full calendar years**

a. It is strongly recommended you use a box to keep all your German receipts. You even may want to label it "German receipts". Do not throw that box away once you are about to PCS. Too often it is at that time or even thereafter, that it suddenly becomes unclear to the creditor whether his bill has been paid or not. Maybe someone forgot to enter a payment in the creditor's computer. All Germans are required to keep their receipts for at least 3 full calendar years because the general Statue of Limitation (SoL) on a claim is three years (§ 195 BGB). Therefore, you may be faced with a bill three years after you paid it. Fortunately, this seldom happens – but it happens.

b. If faced with a claim, you will have to prove that the claim does no longer exist because you paid the underlying debt. If you fail to prove your payment, you risk having to pay the debt a second time. Please keep your receipts and staple them to the creditor's bill. All documents should be stored where you can find them easily, *e.g.*, in a box.

## II. CROSS-BORDER TRANSACTIONS

### A. International Bank Account Number (IBAN)

a. The International Organization for Standardization (ISO) in cooperation with the European Committee for Banking Standards (ECBS) and the European Payments Council (EPC) developed the IBAN. It was introduced as of January 1, 2002. The IBAN has a maximum of 34 alphanumeric characters:

- the first two alphabetic characters identify the country in which the account is held
- the next two digits are the check number. They validate the complete IBAN
- the final part is the domestic account number which in most cases consists of the account number itself, the number that identifies the bank and the branch, and one or more check digits. Some countries require an extra bank identifier.

b. Examples of European IBAN's:

	IBAN (digit #)	Country Code	Check Number	Extra Code	Bank/Sort Code & Fill-in "0" & Account Number	
Austria	(20)	AT	61		12345	x xxxxxxxxx...
Belgium	(16)	BE	68		---	
France	(27)	FR	14		1234567890	
Germany	(22)	DE	90	---	12345678	
Great Britain	(22)	GB	29	ABCD	123456	
Ireland	(22)	IE	29	ABCD	123456	
Italy	(27)	IT	60		123456789	
Netherlands	(18)	NL	91	ABCD	---	
Spain	(24)	ES	80		12345678	

c. The IBAN may be used in electronic and paper-based environments but its representation differs slightly in each case. The paper representation of the IBAN is the same as the electronic format except that the IBAN shall be split up in groups of four characters separated by a space. The last group shall be variable in length, up to four characters. Example:

Your German Account number xxx xxx xxx

Your German Bank code: 793 500 01

IBAN for non-electronic transfers: IBAN DE90 7935 0001 0xxx xxxx xx

IBAN for electronic transfers (paper-free): DE90793500010xxxxxxxxx

Note, "0"-fill-in to make it 22 digits b/c the account number is too short

d. For the time being, since the IBAN is relatively new, the BIC/SWIFT of the beneficiary's bank will be required alongside the IBAN. For further information see also <http://www.ecbs.org> or <http://www.iban.de> or <http://www.europeanpaymentscouncil.org>

e. According to EU Regulation 2560/2001 charges for cross-border credit transfers within the European Union in Euro up to €50,000 (€12,500 before January 2006) shall be the same as those levied on corresponding domestic payments, provided the IBAN and related Bank Identifier Code (BIC) are specified. The aim is to create a Single Euro Payments Area (SEPA). However, cross-border transfers above €12,500 have to be reported to the "Deutsche Bundesbank" IAW § 59 AWV ("Außenwirtschaftsverordnung", Foreign Trade and Payment Ordinance).

f. Only the bank servicing an account can provide the correct IBAN of that account and the related BIC. If you need an IBAN, you need to contact the owner of the account. Using an incorrect IBAN and BIC may result in higher charges or wrong payment. In order to complete the transferal slip properly, you need the following information: Payments will be made to the following account ("Die Zahlungen werden auf folgendes Konto geleistet"):

1. beneficiary ("Begünstigter"):	Creditor's Name
2. beneficiary's IBAN ("Begünstigten-IBAN")	XX0000000000
3. beneficiary's bank BIC ("BIC/SWIFT-Code"):	123 456-78
4. amount to be transferred ("Betrag"):	Amount in Euro (€)
5. purpose for payment ("Verwendungszweck"):	Reference #
6. remitter ("Kto-Inhaber")	Sender's Name
7. remitter's IBAN	DE90 00000000 0000000000

g. If you transfer an amount in Euros to an account in Great Britain, using IBAN and BIC, the transaction will be treated like a domestic transaction for the sender. Yet, the recipient faces high bank fees and exchange rates, converting the (€) into British Pounds (£).

h. IPI. The International Payment Instruction (IPI) is a uniform international transferal order which enables the "straight through processing" of payments – at least within Europe. One of its characteristics is a bar code. In order to fill out that form properly, you also need to know your IBAN and the beneficiary's IBAN. Yet, IPI transactions do not have to be in Euros. Furthermore, the IPI form can be used for cross-border transactions as well as for domestic transactions.

## **B. Bank Identifier Code (SWIFT / BIC)**

a. The International organization for Standardization has designed the Society for Worldwide Interbank Financial Telecommunications (SWIFT), located in La Hulpe, Belgian, as the bank identifier code (BIC) registration authority. That SWIFT-code a.k.a. BIC –code is an eight (send/receive terminal) or eleven (branch office) digit code which is used for worldwide

transactions. However, no money is transferred but messages (“Message Types”, MT) only, *e.g.*, one bank informing another one about a payment for that bank’s client.

b. SWIFT/BIC is based on the following code:

- 4 alphabetic character bank code
- 2 alphabetic country code, *e.g.*, DE for Germany
- 3 alphanumerical location code, *e.g.*, ff for Frankfurt am Main, Germany. On US messages the second to last digit of the location code identifies the time zone in which the bank is located (3 = Eastern Time, 4 = Central Time, 5 = Mountain Time, 6 = Pacific Time).
- 3 alphanumerical character branch code

c. The message types (“MT”) consist of a 3-digit code. The first digit classifies the message category as follows:

1. Customer Payments & Checks
2. Financial Institution Transfer
3. Foreign Exchange, Money Markets & Derivatives
4. Collections & Cash Letters
5. Securities Markets
6. Precious Metals & Syndications
7. Documentary Credits & Guarantees
8. Travelers Checks
9. Cash-Management & Customer Status

d. The MT code is gradually be replaced/updated by a message exchange (“MX”) code since 2007:

acmt = account management  
 camt = cash management  
 defp = derivatives  
 pain = payment initiation  
 ...

e. For further information see also <http://www.swift.com>

### **C. Western Union / MoneyGram**

a. The German Postal Bank Corp. belongs to the “Deutsche Bank” and has its offices inside the German Post Office. It also works together with Western Union on a SWIFT/BIC basis. In order to transfer money, you simply fill out an application form and hand the money in cash to the teller. Thereafter the teller provides you with a reference number (Money Transfer Control Number, MTCN) and you call up the recipient and inform him of the reference number.

The recipient then goes to the place where the money was transferred to and presents the reference number and an ID. Within 15 min. he should be able to get the money. MoneyGram offers a similar service.

b. This service is extremely fast but expensive. It's not unusual to be charged a 10% fee of the sum to be transferred.

#### **D. International Money Orders and Treasury Checks**

a. International money orders are generally accepted at any German bank. Yet, they charge a high fee for cashing them. The same is true for treasury checks. Apart from the risk of being lost in the mail, the creditor also finds it rather inconvenient having to go to the bank, in order to cash them and to pay a high service fee. Furthermore, the money will have to be exchanged at the then applicable Euro/Dollar rate. Unless properly marked, the creditor will have to guess which debt is paid by whom.

b. Personal or private checks are generally not accepted by a German bank. It is very unusual for Germans to send checks in the mail. Since Germany does not generally follow the American mailbox rule, the sender bears the risk of the check being lost in the mail and all consequences thereof, *e.g.*, late payment fees. Furthermore, if you are sending a \$-check the exchange rate may change to your disadvantage while the letter is in the mail so that the \$-amount might no longer cover the €-debt.



### III. CURRENCY ISSUES

#### A. Euro

a. As of January 1, 2002 12 member states of the European Union have abolished their national currencies and replaced them with the EURO (€). The exchange rates have been fixed according to the following chart:

<b>Currency</b>	<b>1 Euro €</b>
Germany (DEM)	1.95583
France (FRF)	6.55957
Italy (ITL)	1936.27
Spain (ESP)	166.386
Netherlands (NLG)	2.20371
Belgium (BEF)	40.3399
Austria (ATS)	13.7603
Finland (FIM)	5.94573
Portugal (PTE)	200.482
Ireland (IEP)	0.787564
Luxembourg (LUF)	40.3399
Greece (GRD)	340.75

b. These countries have followed since.

Slovenia (SIT)	239.640
Malta (MTL)	0.4293
Cyprus (CYP)	0.585274
Slovakia (SKK)	30.126
Estonia (EEK)	15.6466

c. The following countries do NOT have the Euro (yet). Nevertheless, their exchange rates are already fixed and tied to the Euro.

Latvia (LVL)	0.702804
Lithuania (LTL)	3.4528
Bulgaria (LEV)	1.95583
Denmark (DKK)	7.46038

d. The following member states of the European Union have not joined the Euro currency zone: Great Britain and Denmark both opted-out and Sweden voted against joining the Euro in a referendum in September 2003. But the following member states of the European

Union have a target date for the Euro adoption, which could be delayed due to the current Euro crisis with its national debt and fiscal deficit issues: Bulgaria, Hungary, Latvia, and Lithuania (2014), Poland and Romania (2015), and the Czech Republic (2017).

e. Switzerland, Norway and Iceland are neither member states of the European Union nor do they have the Euro. However, Iceland is currently considering an EU membership application and if granted is also expected to join the Euro currency zone.

f. Euro bills with the same face value as well as the front side of the Euro and Cent coins look the same everywhere, whereas each member state has its own national symbols on the back of the Euro and Cent coins. However, the Euro bills and all Euro and Cent coins are legal tender within the entire Euro currency zone. Please note, Monaco, San Mario, and Vatican State have adopted the Euro and mint their own coins. Andorra will be allowed to mint its own Euro coins as of July 2013.

### **B. German Postal Service Fees**

a. Since January 2011 the distinctions between intra-Germany mail, intra-EU mail, and the rest of the world has been abolished. The geographical postage distinction is only between intra-Germany mail and mail to other countries since. Postcards and regular letters sent abroad now require the same postage.

		Postkarte Postcard	Standardbrief Regular Letter	Kompaktbrief Compact Letter	Großbrief Bigger Letter
<b><u>Germany:</u></b>					
<b>Standard</b>	<b>Regular Mail</b>	<b>€ 0.45</b>	<b>€ 0.55</b>	<b>€ 0.90</b>	<b>€ 1.45</b>
Einwurf- Einschreiben + € 1.60	Special Registered Mail		<b>€ 2.15</b>	€ 2.60	€ 3,05
Einschreiben + € 2.05	Registered Mail		€ 2.60	€ 3.05	€ 3.50
Einschreiben mit Rückschein + € 3.85	Registered Mail, Return Receipt requested		€ 4.40	€ 4.75	€ 5.30
<b><u>All other countries (Airmail):</u></b>					
Standard	Regular Mail	€ 0.75	€ 0.75	€ 1.45	€ 3.45

b. Additional information can also be found at <http://deutschepost.de>.

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